June 10, 2012

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street SW
Washington, DC 20554

Re: Notice of *Ex Parte* Communication, WC Docket No. 02-60

Dear Ms. Dortch:

On May 30, Barbara B. Manard, Ph.D., Vice President of Long Term Care and Health Strategies, and Majd Alwan, Ph.D., Senior Vice President, Technology and Executive Director for the Center for Aging Services (CAST), both of Leading Age, met with Linda Oliver, Christianna Barnhart and Jay Schwarz, of the Wireline Competition Bureau, as well as Wireline Competition Bureau interns Jaimie Douglas and Erica Larson. The purpose of the meeting was to inform Bureau staff about Leading Age and the broadband needs of skilled nursing facilities (SNFs), in order to help inform the Commission on the design of a Skilled Nursing Facility Pilot Program.

Leading Age, formerly known as the American Association of Homes and Services for the Aging, is an advocacy, research and educational organization focusing on aging care. Leading Age's membership includes 6,000 American not-for-profit aging care organizations that provide services such as acute care nursing, meals on wheels and in-home care. Eighty percent of Leading Age's members are faith-based.

During the meeting, the parties discussed the great geographic diversity in how SNFs are organized and connected to other health care providers in the United States. For example, in Montana, rural SNFs are typically closely affiliated with small hospitals, often working with their hospital affiliates to secure funding and understand government programs. Thus, Montana SNFs will be relatively well positioned to understand and take advantage of the SNF pilot program. In contrast, SNFs in Nebraska rarely have strong associations with particular hospitals. They tend to be lower-occupancy, small, and independent of other health care organizations. Because they are not already affiliated with hospitals in their areas, Nebraska SNFs may face more barriers in securing and effectively using USF assistance. The parties discussed whether it would be worthwhile to incorporate SNFs operating in both Montana-style and Nebraska-style aging care systems into the SNF pilot. By doing so, the Bureau could learn how both styles respond to USF assistance to have a complete picture of how such assistance would be best distributed in a larger SNF assistance program.

The parties also discussed how improved broadband connectivity could benefit SNFs. Connectivity may improve medical record exchanges between SNFs and other health care providers, and be an impetus for SNFs to adopt medical record systems for their own internal use. Improved broadband connectivity will likely increase opportunities to use telehealth and remote consult technologies. However, such technologies are at the cutting edge of aging care and only more innovative SNFs are currently using such care methods. Therefore, although it is not disputed that improved broadband connectivity has the potential to revolutionize SNFs care for the aging, it is hard to predict precisely what shape that revolution will take.

In addition, the parties also discussed how broadband connectivity only gets SNFs part of the way to effectively using new health care technologies. For example, to share electronic records with hospitals, SNFs need both a broadband connection and access to an electronic health record system (EHR). For a small 100 bed SNF, the lease of an EHR would cost the SNF $60-$80 per bed per month initially, but the

cost could drop to as low as $17-$20 per bed per month, depending on whether the EHR system is local, hosted or Software as a Service. Many not-for-profit and public SNFs, especially small, single site rural SNFs, are running on very tight budgets and would have difficulty finding the money for an EHR. Moreover, in addition to the basic cost of an EHR, not-for-profit and public SNF are often understaffed and have high turn-over rates, and so would need additional resources in order to train their staff to use EHRs. To effectively use USF funding, SNFs would need to find other support for the adoption of technologies such as EHRs and telehealth. The parties discussed whether the SNF pilot program would be more successful if someone helped SNFs understand how to leverage USF funds in conjunction with other grant sources that, unlike USF grants, could cover some of the costs for adopting USF-ineligible technologies. Rural SNFs are particularly understaffed and resource deprived and would likely have the most difficulty producing the upfront cost of adopting new technology and finding support from non-USF sources.

The parties also discussed whether hospitals might have an incentive to help SNFs adopt new health care technologies so as to reduce their readmission rates. While the Patient Protection and Affordable Care Act (PPACA) does penalize hospitals for high readmission rates, Leading Age was concerned that the PPACA penalty would not be a sufficient incentive to spur hospitals to help SNFs adopt cutting-edge health care technology, because the PPACA penalty is too low to alter the SNF-hospital relationship in any meaningful way. This is especially true in the case of rural SNFs that send patients to more urban hospitals. However, Leading Age also opined that, were the penalty increased, it might be an incentive for hospitals to support better SNF care.

The group also discussed how the success of the SNF pilot program could be measured. The group noted that measuring the program in terms of the amount of money saved might be misleading due to the short-term nature of the study. While improved technology within SNFs will result in cost-savings for both SNFs and society at large in the long term, the upfront adoption costs and the inevitable stumbles that come with the adoption of new methods will obscure those benefits in the short-term. Improved quality of care would be a more accurate measure of the benefits of the improved broadband connectivity.

Finally, Leading Age provided the Bureau with some additional materials to assist in the development of the SNF pilot program. Links to these documents can be found at the following URLs:

http://www.leadingage.org/uploadedFiles/Content/About/CAST/Resources/CAST_EHR_Case_Studies-2012.pdf

http://www.leadingage.org/uploadedFiles/Content/About/CAST/About_CAST/CAST_Scenario_Planning.pdf

http://www.leadingage.org/uploadedFiles/Content/About/CAST/Resources/CAST_EHR_Case_Studies-2012.pdf

http://www.leadingage.org/uploadedFiles/Content/About/CAST/Resources/EHR_For_LTPAC_2012.pdf

http://aspe.hhs.gov/daltcp/reports/2012/astsrptcong.shtml

http://www.leadingage.org/uploadedFiles/Content/About/CAST/Resources/CIO_Consortium_EMR_CostStudy.pdf

Respectfully submitted,

/s/
Christianna Lewis Barnhart
Attorney Advisor, Telecommunications Access Policy Division, Wireline Competition Bureau